

# THE I/FAX



ADMINISTERED BY ILLINOIS STATE TREASURER ALEXI GIANNOULIAS

Contact us at [www.illinoisfunds.com](http://www.illinoisfunds.com) or 1-800-346-7414

MAY 2010

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Yesterday's Rate 5/10/10

**Money Market Fund**  
**0.141%**

## Illinois Funds Annual Audit

*By Randy Coffey*

The Illinois Funds annual audit of the financial statements for Fiscal Year 2009 is complete and available on The Illinois Funds homepage, [www.illinoisfunds.com](http://www.illinoisfunds.com). Click "The Illinois Funds" on the top right corner then "Annual Financial Audit" to print a copy. The audit is also available on the Illinois Auditor General's website at <http://www.auditor.illinois.gov/Audit-Reports/THE-ILLINOIS-FUNDS.asp>. If you are unable to print the audit you may request a hard copy via email to [Springfield@illinoisfunds.com](mailto:Springfield@illinoisfunds.com), fax a request to 217-524-1269 or call 1-800-346-7414.

As of June 30, 2009, the Money Market Fund had over 6,500 accounts totaling over \$5 billion in assets. The Prime Fund had over 1,100 accounts totaling over \$1 billion in assets. The Prime Fund merged into the Money Market Fund on July 1, 2009.

Thank you for your continued participation in The Illinois Funds.

*Randy Coffey is the Director of the Illinois Funds Division.*

## MARKET PERSPECTIVE

*By Mark Polistina*

### The Path Ahead

Robert Frost's timeless poem "The Road Not Taken" began "Two roads diverged in a yellow wood and sorry I could not travel both," which quite appropriately describes the current discourse on how to effectively resolve our current economic dilemma. We currently are experiencing unemployment levels of nearing 10%. While at the same time other facets of the economy seem to be chugging along at rates indicating a recovery is afoot. Like Frost's poem we cannot travel both paths. At this point our course must be to choose to fight the likely oncoming inflation or the current unemployment problems. Some will argue these dilemmas are not mutually exclusive. We can fight inflation, (raise interest rates), and still encourage job growth in the economy without directly increasing/extending unemployment benefits. Those who disagree will say the time lag on job creation will force

many unemployed workers to experience unneeded and unwarranted financial distress. They would further point out that many of them were not the cause of the recession and shouldn't be forced to pay the price because of it.

The correct path is not for me to say. The "economist" in me says that job creation by the private sector is the clearest and best answer to our current economic dilemma. Further, private sector jobs will ensure a stronger and healthier economy going forward and this can be done while raising interest rates to fight inflation fears. The "father" in me says that if my child were one of the unemployed I would mortgage my house to the hilt to ease their path. So how can a government not provide a "safety net" first? An increase in interest rates will only exacerbate the financial hardships the unemployed are currently facing. Both sides of the debate are 100% correct and both sides are 50% wrong. Fortunately there are much smarter people than myself working on the problem. Hopefully they can solve the riddle that Mr. Frost could not and travel down the two divergent paths at once.

### Markets

We still feel that the Federal Reserve will remain on hold for as much as six or more months; however, the market may not. Again as a note: keep an eye on the U.S. Treasury yield curve. At what point does the issuance of Treasury securities become so large that market participants begin to require higher yields/lower prices to take on the excess volume?

*Mark Polistina is the Portfolio Manager for The Illinois Funds.*

## Public Investors' Financial Symposium

The 12th Annual Public Investors' Financial Symposium is coming up soon. It will take place on May 26 and 27 at the President Abraham Lincoln Hotel & Conference Center in Springfield. The deadline for symposium registration is this **Friday, May 14**.

For more information about the symposium, please go to our website: <http://www.illinoisfunds.com/education/symposium.aspx>. Or, you may call us toll-free at (800) 346-7414.



# Safety, Liquidity and Yield



Illinois Funds yields for the period ending 4/30/10

## Money Market Fund (Daily Liquidity)

Net Portfolio Assets (in millions)	\$5,338
Monthly Investment Earnings (in 1000's)	\$552
7 Day Yield*	0.13%
One Month Yield*	0.12%
Net Asset Value (per share)	\$1.00
Weighted Average Maturity	38

\*Yield Net of Fees

## Monthly Public Sector Rate Comparison

The Illinois Funds, Money Market Fund				0.12%	
S&P Govt Inv Pool-Govt Fund Index		0.15%	S&P Govt Inv Pool-Taxable Funds Index		0.16%
IL School Dist Liquid Asset		0.02%	IL School Dist Liquid Asset Max		0.14%
3 Month Treasury Bill		0.16%	6 Month Treasury Bill		0.24%

## Monthly Private Sector Rate Comparison

The Illinois Funds, Money Market Fund				0.12%	
IMoneynet™ - Govt. Institutional		0.01%	Federated Govt Obligations		0.02%
Fidelity - 695 Treas Fund		0.03%	Fidelity - 57 Govt Fund		0.04%
Goldman Fin Sq Treas Fund - 468		0.04%	Goldman Fin Sq Govt Fund - 465		0.05%
30 Day Time Deposit		0.16%	90 Day Time Deposit		0.53%

## MONEY MARKET FUND COMPOSITION

61.4% - Repurchase Agreements  
 7.5% - Money Market Funds  
 1.0% - Certificates of Deposit  
 17.8% - Commercial Paper  
 11.8% - US Government Agencies  
 0.5% - FDIC Insured Corporate Floater

### E-Pay Account Rate

**0.141%** 5/10/10

1-866-831-5240

[www.illinoisepay.com](http://www.illinoisepay.com)

### Rapid Revenue Acct. Rate

**0.141%** 5/10/10

1-800-346-7414

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